

**RECEIVED**

**FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY**

**In the Matter of**

**Application of Ameritech  
Michigan Pursuant to Section  
271 of the Telecommunications  
Act of 1996 to Provide In-  
Region, InterLATA Services in  
Michigan**

CC Docket No. 97-137

**Reply Affidavit of Eric L. Larsen  
on Behalf of Ameritech Michigan**

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

---

In the matter of

Application of Ameritech Michigan  
Pursuant to Section 271 of the  
Telecommunications Act of 1996 to Provide  
In-Region, InterLATA Services  
in Michigan

CC Docket No. 97-137

**REPLY AFFIDAVIT OF ERIC L. LARSEN  
ON BEHALF OF AMERITECH MICHIGAN**

STATE OF ILLINOIS     )  
                                  )  
COUNTY OF COOK     )     ss.

Eric L. Larsen, being first duly sworn upon oath, deposes and states as follows:

1.     My name is Eric L. Larsen. My business address is 350 North Orleans, Chicago, Illinois, 60654. I have personal knowledge of the facts contained herein.

2.     I am presently an Account Manager for Competitive Local Exchange Carriers with Ameritech Information Industry Services ("AIIS"), a division of Ameritech Services, Inc. In this position, I am responsible for AIIS's sales and account management functions serving WorldCom (MFS), throughout Ameritech's five state region. I have been an account manager with Ameritech since December of 1995.

3. As Account Manager for WorldCom, I serve as WorldCom's primary point of contact on product marketing, policy regulatory issues and other matters. It is my responsibility to thoroughly understand the issues that are of critical importance to WorldCom and to raise these issues on WorldCom's behalf within Ameritech. It is also my responsibility to identify opportunities to provide WorldCom with products, services, technologies and network solutions that deliver value to it as a customer.

4. My primary contacts at WorldCom in my capacity as Account Manager are Wayne Freer, Regional Director of Operations, John McCarron, Director of Service/Alternate Channels, Mike Zuba, Manager Network Development, Bob Bradford, Manager Industry Affairs, and Gerald McKensie, Senior Manager Local Service Implementation. My responsibilities also include day-to-day contact with other WorldCom representatives to address issues identified by WorldCom or Ameritech.

#### **Education and Prior Professional Experience**

5. I received my Bachelor of Science in Business Administration from Elmhurst College in 1985.

6. I have nine years of experience in the telecommunications industry. I began my career in the telecommunications industry in April of 1988, as a consultant with Telcom Associates of Chicago and was responsible for the management of telecommunications cost reduction, system development and telemanagement contracts. In June of 1990, I accepted a position as sales representative with Corporate Communications of Lisle, Illinois, and was responsible for sales and account management functions for customer premise equipment and data communications markets. In September of 1991, I accepted a position as telecommunications

manager with Schwarz in Morton Grove, Illinois. In this position, my responsibilities included the management and development of voice and data telecommunications applications and systems.

7. The purpose of my affidavit is to address certain allegations made by WorldCom in its Comments and the Affidavit of David Schroeder filed in response to Ameritech Michigan's application for authority to offer InterLATA services in Michigan. Specifically, I will address WorldCom's comments relating to problems that its wholly-owned subsidiary, MFS, has allegedly experienced with (a) Ameritech Michigan's performance of customer cutovers and conversions relating to unbundled loops and Centrex, (b) Centrex resale and (c) information provided to MFS customers by Ameritech Michigan.

#### **Comments Regarding Customer Cutovers and Conversions**

8. Mr. Schroeder's comments concerning Ameritech's performance in the unbundled loop conversion process (Schroeder Affidavit, pp. 4-6) seem to contradict the position of MFS's operations staff in Michigan. Monthly operations meetings are conducted between AIIS and MFS Michigan operations management, during which loop provisioning issues and performance reports are discussed.

9. These meetings represent an ideal time to address any complaints about Ameritech Michigan's alleged lack of coordination in the provisioning of unbundled loops. However, this issue has not been brought up by MFS during these meetings, and, contrary to Mr. Schroeder's opinion, MFS personnel have expressed a positive opinion on the performance of the AIIS network element control center in the provisioning of unbundled loops. To the best of my

knowledge, Mr. Schroeder has not attended any of the operations meetings that have been conducted with MFS in either Michigan or Illinois.

10. Mr. Schroeder also includes an exhibit which purports to identify anecdotal problems with respect to cutovers and Centrex conversions from Ameritech Michigan to MFS. (Schroeder Affidavit, Ex. 1.) It is difficult to address this matrix due to the limited and confusing information contained in it. First, no billing telephone numbers, order numbers, TXNUs (circuit numbers for unbundled loops) or even customer names are provided. Similarly, with respect to Centrex conversions, no account or billing information is provided. Second, Centrex conversion cutovers are included in the spreadsheet, but Mr. Schroeder indicates in his affidavit that MFS is not offering Centrex in Michigan. (Schroeder Affidavit, p. 8.) Finally, unbundled loop conversion delays or postponements are noted in the spreadsheet. Per Article 9.6.4 of the interconnection agreement between Ameritech Michigan and MFS, either Ameritech or MFS may request that a cutover be rescheduled. There is no way to determine if any of the delays or postponements identified in the spreadsheet were agreed upon by the parties. Without more specific information, Ameritech Michigan cannot respond to MFS's self-serving and unsupported allegations that it has experienced cutover and conversion problems.

#### **Comments on Centrex Resale**

11. At pages 8-9 of his Affidavit, Mr. Schroeder claims that MFS is unable to resell Ameritech's Centrex service based on the avoided cost structure in Michigan. His allegation is inaccurate. As defined in M.P.S.C. Tariff No. 20U, Part 22, Section 5, Ameritech Centrex Service is available for resale under the avoided cost structure in Michigan.

12. Mr. Schroeder's comments appear to relate to the resale of grandfathered Centrex service. As defined in M.P.S.C. Tariff No. 20R, Part 22, Section 1, grandfathered services can be resold by a reseller in Michigan. In a grandfathered service situation, Ameritech is permitted to convert grandfathered services to resellers as soon as possible but no more than 90 days after a valid service order has been received from a reseller.

13. Mr. Schroeder's depiction of Ameritech Michigan's billing process is also inaccurate. During the grandfathered service conversion process, once a valid service order has been received from a reseller requesting the conversion of a grandfathered Centrex service to resale, the account is converted in the Ameritech retail billing system and the reseller becomes the customer of record. Subsequent bills for the Centrex service will be directed to the customer of record - the reseller - during the conversion process. As defined in the tariff, the reseller has the option of billing the end-user at retail rates during the conversion process. In addition, the reseller certainly has the option of billing the end-user at rates different from the Ameritech retail rates (i.e., those rates that are already resident in the reseller's billing system.) Mr. Schroeder's claim that MFS is unable to bill its customers for the 90 day period is simply wrong. The process to convert the grandfathered Centrex account may take up to 90 days and is required only where the Ameritech account is resident in a different billing system. However, MFS is the customer of record from the time Ameritech receives a valid request to convert Centrex service to resale, and is the customer of record throughout and subsequent to the 90 day period.

14. As an alternative, AIIS offers resellers the option of converting a grandfathered Centrex service to the standard Centrex offering in Michigan - Ameritech Centrex Service - so that the 90 day conversion process can be avoided. As Mr. Schroeder indicates in his affidavit,

the MFS customer does not have to initiate this change; MFS can request the change directly through AIIS with proper authorization from the end-user.

### **Claims of Misinformation**

15. Mr. Schroeder also alleges that Ameritech Michigan has been providing misinformation to its customers. (Schroeder Affidavit, pp. 16-18.)

16. Mr. Schroeder refers to a statement made by an Ameritech account manager in a letter (Exhibit 2) to an end-user concerning the MFS rate structure. Exhibit 2 attached to Mr. Schroeder's affidavit is apparently the first page of that letter. It does not support Mr. Schroeder's allegation whatsoever. The remaining pages of the letter were apparently not included in the affidavit sent to Ameritech Michigan, and therefore I cannot speculate as to the accuracy of the statements. However, even if he characterizes the letter accurately, this anecdotal evidence of possibly erroneous information does not support Mr. Schroeder's claim of repeated "misinformation."

17. Mr. Schroeder also claims that MFS has found discrepancies in Ameritech's rate area assignments that have resulted in the misrating of calls (Id., p. 17). Notably, he fails to provide even one specific example. In addition, MFS has not raised claims involving the misrating of calls during our regular operations meetings in Illinois or Michigan, notwithstanding Mr. Schroeder's implications otherwise.

18. In fact, it is Ameritech's practice to not provide competitive local exchange area rate information to end-users of other competitive local exchange carriers when requested by such parties. Ameritech's service representatives are instructed to respond to such requests by asking

the requesting party to contact the competitive local exchange carrier or the state commission, if applicable, for such information.

19. Finally, Mr. Schroeder makes further unsupported allegations based on his Exhibit 2. (Schroeder affidavit, p. 17) Again, the page of the letter included in the materials received by Ameritech Michigan does not contain the language Mr. Schroeder says it does. Therefore, Ameritech Michigan is unable to fully respond to his charges. However, Mr. Schroeder admits that the quoted language is factually correct (Schroeder Affidavit, pp. 17-18) and it appears to be a case of simple marketing and customer solicitation. Schroeder apparently desires Ameritech not to advertise its services and not to try to keep or win-back customers. Such competitive efforts, however, are not only consistent with, but the goal of, the 1996 Telecommunications Act.

Further affiant sayeth not.



I swear, under penalty of perjury, that the foregoing is true and correct, to the best of my knowledge and belief.

Eric L. Larsen

Eric L. Larsen

Subscribed and sworn before me this 30<sup>th</sup> day  
of June, 1997.

Christine L. Voutiritsas

Notary Public



My Commission expires: 4-30-2000

DOCKET FILE COPY ORIGINAL

RECEIVED

JUL - 7 1997

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

---

In the Matter of

Application of Ameritech  
Michigan Pursuant to Section  
271 of the Telecommunications  
Act of 1996 to Provide In-  
Region, InterLATA Services in  
Michigan

CC Docket No. 97-137

Reply Affidavit of Paul V. LaSchiazza  
on Behalf of Ameritech Michigan

**In the matter of**

)
)
)
)
)
)
)

**STATE OF MICHIGAN )**

) SS.

**COUNTY OF INGHAM** )

1. My name is Paul V. La Schiazza. I am Vice President Regulatory - Ameritech Michigan, and am responsible for regulatory matters conducted on behalf of Ameritech Michigan. My responsibilities include regulatory compliance and planning; tariff filing and advocacy on behalf of Ameritech's regulated Business Units; complaint administration and resolution; service quality tracking and compliance; financial compliance and reporting; affiliated interest matters and audits; and Lifeline program administration. Since assuming my current position in October 1996, I have been personally involved with the development and filing of various materials associated with Ameritech Michigan's interconnection agreements with MFS, Brooks Fiber, TCG, AT&T and MCI; the rates for Ameritech Michigan's unbundled loops,

number portability, and local traffic termination (MPSC Case Nos. U11155 and U11156); and Ameritech Michigan's checklist and dialing parity compliance filings (MPSC Case No. U11104).

2. I submitted an affidavit earlier in this proceeding. The purpose of this reply affidavit is to respond to certain allegations raised by commenters concerning Ameritech Michigan's compliance with Sections 272(a), (b)(1), (c) and (g) of the Telecommunications Act of 1996, and the Commission's regulations promulgated thereunder, including the Non-Accounting Safeguards Order (CC Docket No. 96-149, FCC No. 96-489, released December 24, 1996) and the Accounting Safeguards Order (CC Docket No. 96-150, FCC No. 96-490, released December 24, 1996).

3. Ameritech Michigan, as used herein, refers to Michigan Bell Telephone Company (d/b/a Ameritech Michigan). The Ameritech Operating Companies (AOCs), as used herein, are Illinois Bell Telephone Company (d/b/a Ameritech Illinois), Indiana Bell Telephone Company (d/b/a Ameritech Indiana), Michigan Bell Telephone Company (d/b/a Ameritech Michigan), Ohio Bell Telephone Company (d/b/a Ameritech Ohio) and Wisconsin Telephone Company (d/b/a Ameritech Wisconsin). Each is a "Bell operating company," as defined in Section 3(4) of the Act.

#### **I. Compliance with Section 272(a)**

4. Mr. Earley already has described how Ameritech Michigan and ACI will comply with Section 272(a) of the Act, which imposes a "separate affiliate" requirement for the provision of interLATA services in a BOC's in-region State. (Earley Aff., ¶¶ 8-10.)

5. CompTel and AT&T suggest that Ameritech did not provide sufficient information about two divisions of Ameritech Services, Inc. ("ASI") — Ameritech Long Distance Industry Services ("ALDIS") and Ameritech Information Industry Services ("AIIS"). Raising the specter of improper discrimination by AIIS and ALDIS in favor of ACI, CompTel charges that the Commission "does not know . . . whether facilities used to provide local exchange services are owned by Ameritech Michigan or by [ASI], nor does it know the extent to which [ACI] will receive, directly or through Ameritech Michigan, facilities or services from either of these two divisions [ALDIS and AIIS]." CompTel adds that the Commission "does not know whether Ameritech Michigan has transferred to these affiliates, if at all, facilities used to provide local exchange services." (CompTel Opp. at 32.)

6. CompTel's charges are baseless. Ameritech already has clearly, and in great detail, described the functions and processes of ALDIS and AIIS, as well as the relationship of those business units to Ameritech's other business units and to third parties. (See La Schiazza Aff., ¶ 11; Mickens Aff., ¶¶ 1-6 and Scheds. 1-2; Kriz Aff., ¶ 1. See also Rogers Aff.; Mayer Aff.; Meixner Aff.; and Foerster Aff.) As Ameritech explained, ALDIS and AIIS are the exclusive channels by which Ameritech Michigan (and the other AOCs) provide interconnection, wholesale telecommunications services, unbundled network elements, and exchange access services to other telecommunications carriers, including CLECs, unaffiliated long-distance carriers, and ACI. ALDIS and AIIS serve as the single point of contact for telecommunications carriers to interface with Ameritech when those carriers purchase wholesale products or services. These divisions do not own or operate facilities used to provide local exchange services; rather, Ameritech Michigan owns and operates its own local exchange network.

7. Therefore, CompTel's speculation that Ameritech Michigan may have "transferred" to AIIS or ALDIS facilities used to provide local exchange services is just that - speculation, and it is without foundation. Indeed, the sole basis for CompTel's claim (pp. 33-34) appears to be that another Ameritech subsidiary, Ameritech Advanced Data Services ("AADS"), "illustrates" how Ameritech may use affiliates to evade the Act "through a variety of self-dealing arrangements." Even putting aside the fact that CompTel's charges regarding AADS are incorrect, those charges have absolutely nothing to do with AIIS and ALDIS.

8. For its part, AT&T claims that Ameritech Michigan should more clearly and explicitly acknowledge that transactions between ASI and ACI will be conducted in accordance with Section 272 and the Commission's regulations. (Goodrich/McClelland Aff., ¶ 33.) AT&T's suggestion that Ameritech did not clearly state that transactions between (1) ACI and (2) AIIS and ALDIS will be conducted in accordance with Section 272 ignores the record. As I noted above, Ameritech submitted numerous affidavits describing precisely how AIIS and ALDIS conduct their operations and demonstrating that these operations are conducted in a completely nondiscriminatory fashion. Moreover, in my earlier affidavit (¶ 11), which provides an overview of Ameritech Michigan's compliance with the accounting and nondiscrimination safeguards, I specifically averred: "All representations herein with respect to Ameritech Michigan's provision of wholesale services, network elements and exchange access services apply equally to AIIS or ALDIS." AT&T furnishes no evidence that refutes my statement.

9. Lest there be any doubt, let me restate our position. ASI is not a BOC, as the term is defined in the 1996 Act, and many of its functions are purely administrative in nature. Nonetheless, to the extent ASI, through ALDIS and AIIS, performs BOC-like functions — that

is, to the extent these divisions perform functions associated with the provision of wholesale services, network elements, or exchange access services – they will do so in full compliance with the nondiscrimination and accounting safeguards that apply to Ameritech Michigan.

## **II. Compliance with Section 272(b)(1)**

10. Mr. Earley has described (Earley Aff., ¶¶ 11-14), and describes further in the reply affidavit he files today, the manner in which ACI and the AOCs comply with Section 272(b)(1), which requires operational independence between a Section 272 affiliate and a BOC.

11. TCG maintains, however, that the “interdependent organizational reporting structure of Ameritech personnel” demonstrates a lack of interdependence between ACI and the AOCs. (TCG Comments at 33-34.) TCG bases this claim upon its allegation that (1) the AOCs’ Presidents report to the same Ameritech Corporation Vice President as does ACI’s President, and (2) the AOCs’ Vice Presidents-Regulatory report to the same Ameritech Corporation Vice President as does ACI’s Regulatory Director.

12. TCG’s contentions are factually inaccurate and legally irrelevant. While the AOCs’ Vice Presidents-Regulatory at one time reported to the same Ameritech Corporation Vice President as did ACI’s Regulatory Director, they no longer do. The AOCs’ Vice Presidents-Regulatory now report to the AOCs’ Presidents and to a Senior Vice President of Ameritech Corporation. As Mr. Earley describes in his reply affidavit, the position of ACI Regulatory Director has been eliminated; the responsibilities formerly held by that position have been assumed by ACI’s General Counsel, who now reports to the President of ACI and to Ameritech Corporation’s General Counsel. Moreover, the Presidents of the AOCs – and, as Mr. Earley

describes, the President of ACI – report to an Executive Vice President of Ameritech Corporation, not to a Vice President, as TCG maintains.

13. In any event, even if TCG's facts were on target, they would have no legal significance. The 1996 Act requires structural separation, not divestiture. Thus, the fact that the chain of command of both ACI and Ameritech Michigan ultimately lead to the same top levels of Ameritech Corporation is not only irrelevant, but ought to be a given. One should expect that Ameritech Corporation's top officers will exercise oversight over all of Ameritech's operations, including those of its subsidiaries. Indeed, if Ameritech Corporation's highest officers did not exercise oversight over all of Ameritech's operations, they would be subject to charges that they were violating their fiduciary obligations to Ameritech's shareholders.

### **III. Compliance with Section 272(c)**

14. My earlier affidavit (¶¶ 10-22) described in detail how Ameritech Michigan is abiding and will continue to abide by Section 272(c)(1), which provides that a BOC, in its dealings with its long distance affiliate, "may not discriminate between that . . . affiliate and any other entity in the provision or procurement of goods, services, facilities, and information, or in the establishment of standards." Messrs. Shutter and Putnam described in detail how Ameritech Michigan abides by Section 272(c)(2), which provides that a BOC shall account for all of its transactions with its Section 272 affiliates in accordance with the Commission's regulations.

15. AT&T puts forth a blizzard of allegations contending that Ameritech Michigan and ACI have failed to comply with Section 272(c), none of which has any merit.



16. First, AT&T maintains (p. 37) that “Ameritech cannot meet its burden under Section 272 without bringing to light the details of all its past transactions with ACI.” Although AT&T does not actually identify any transaction that Ameritech Michigan has failed to disclose, AT&T suggests nonetheless (pp. 37-38) that there must be some undisclosed transactions, and that “[w]ithout a detailed disclosure by Ameritech of these apparent transactions, and planned remedial action to ensure that ACI does not enter the interLATA market with unlawful and improper advantages, the Commission cannot find that Ameritech will carry out the requested interLATA authority in accord with Section 272” (emphasis added).

17. Contrary to AT&T’s speculation, ACI has disclosed all transactions and contracts with ACOs in effect as of Ameritech’s early implementation of the Accounting Safeguards Order. As stated previously by Mr. Earley (¶ 38) and Mr. Shutter (¶ 10) in their earlier affidavits, and again by Mr. Shutter in the reply affidavit he filed today, the terms and conditions under which those services were rendered are reflected in contracts that are posted on the internet.

18. Nonetheless, AT&T argues that ACI could not have made full disclosure of its transactions with the AOCs. Alluding to an April 21, 1997 letter from Lynn S. Starr of Ameritech to Regina Keeney (Chief of the Commission’s Common Carrier Bureau), which describes the development of 27 major systems to be used by ACI in the provisioning of long distance services, AT&T complains that “there is not a single agreement posted on [Ameritech’s] web site reflecting any transaction between Ameritech and ACI . . . that concerns OSS or otherwise appears connected with this work.” (Goodrich/McClelland Aff., ¶ 25.) Without

disclosure of these “apparent transactions,” AT&T maintains, the Commission cannot conclude that they were conducted on a nondiscriminatory basis in compliance with Section 272.

19. Contrary to AT&T’s speculation, there were no transactions that should have been disclosed (but were not) in connection with this work. For starters, none of the work referred to in the letter was performed by any AOC. Rather, it was performed by ACI’s own employees and outside vendors hired and paid for by ACI. As described in the organizational chart attached to Mr. Earley’s previous affidavit (Attachment 5), ACI’s Information Technology Department is staffed with 129 employees. This staff, in conjunction with almost 70 outside vendors employing hundreds of their own personnel, have been and remain responsible for the development work described in Ms. Starr’s April 21 letter. Since Section 272(b)(5) and the Accounting Safeguards Order only require disclosure of transactions between ACI and an AOC, none of the work performed by ACI employees and its outside vendors is subject to disclosure obligations.

20. Nor did this work have anything to do with Ameritech Michigan’s OSS systems or any interface therewith. Rather, as indicated in the April 21 letter, the work related solely to ACI’s long distance operations. It involved the development and testing of customer service, sales and order management systems (e.g., systems that support sales and servicing functions and the creation of customer records); network management systems (e.g., systems used to manage provisioning and repair processes and fraud); financial systems (e.g., systems used for billing, revenue reporting, and checking accuracy of bills for access and transport services); and general data and information management systems to be used by ACI in the management of its business (e.g., systems that collect operational data about customers and products and that collect

all historical and summarized data from other systems). Thus, AT&T's musings as to "apparent" undisclosed transactions – and its innuendo about the possibility of discrimination in such "apparent" transactions – are groundless.

21. In fact, like TCG, AT&T consistently attempts to blur the legal distinction under Section 272 between Ameritech Corporation and Ameritech Michigan by alternately referring to both as "Ameritech." For example, in describing the disclosure requirements of the Accounting Safeguards Order, AT&T's affiants state: "The Accounting Safeguards Order prescribed the way BOCs such as Ameritech must account for transactions with their Section 272 affiliates." (Goodrich/McClelland Aff., ¶ 26 (emphasis added).) AT&T's gamesmanship aside, the Commission's accounting rules govern ACI's relationship with Ameritech Michigan, not Ameritech Corporation.

22. AT&T's affiants make a number of other baseless, and at times absurd, charges and innuendos. For example, based on the fact that ACI acquired its own office space in February 1996, AT&T speculates, without a shred of evidence, that prior to that time "ACI's employees may have had unfettered access to information relating to all facets of Ameritech's network and business planning." (Goodrich/McClelland Aff., ¶ 28 (emphasis added).) Characteristically, AT&T offers no evidence whatsoever to back up its speculation.

23. Likewise, AT&T claims that an AOC tariff that has never taken effect plainly discriminates in favor of ACI. (Goodrich/McClelland Aff., ¶¶ 42-43.) Aside from the fact that AT&T did not even oppose this tariff when it was filed, it is wrong to assert that the tariff was "tailor-made" for ACI. Rather, the tariff was designed by the AOCs specifically at the request of Ameritech's existing access service customers (generally smaller to mid-sized carriers), one

of whom even filed comments supporting this tariff. Indeed, insofar as a customer must have 500 DS-1 equivalent local distribution channels to qualify for the service, it is ludicrous for AT&T to suggest that this offering was designed exclusively for ACI, which has not yet even been authorized to provide in-region, interLATA service, much less accumulate sufficient traffic to warrant 500 DS-1 local distribution channels. Significantly, the tariff was supported by certain unaffiliated interexchange carriers, and three unaffiliated interexchange carriers have signed agreements to take service under the tariff. (These agreements are not in effect since the tariff has not taken effect.)

24. AT&T even goes so far as to insinuate the possibility of discrimination based on the fact that ACI has no auditing process in place to ensure that Ameritech Michigan does not engage in discrimination. According to AT&T, the fact that ACI has not established such processes creates a presumption that Ameritech Michigan also has not. (Goodrich/McClelland Aff., ¶ 29.) Needless to say, if ACI endeavored to audit Ameritech Michigan's offerings to ACI's competitors, AT&T (rightly) would run to the Commission with a formal complaint alleging a Section 272 violation.

#### **Compliance with Section 272(g)**

25. In our previous affidavits, Mr. Earley (¶¶ 42-48) and I (¶¶ 34-36) described how the AOC's and ACI's joint marketing activities will comply with Section 272(g) of the 1996 Act and the Commission's Non-Accounting Safeguards Order.

26. Sprint, however, maintains that the methods and procedures to be followed by AOC service representatives when marketing ACI services do not comply with the requirements of the Non-Accounting Safeguards Order. (Sprint Comm. at 28-29.) Sprint is wrong.

27. Mr. Earley's previous affidavit (¶¶ 44-48, Sched. 7) explained the methods and procedures that AOC representatives will follow when taking inbound calls from new customers, including the script from which AOC representatives must read at the outset of such calls. The script states: "You have a choice of companies, including Ameritech Long Distance, for long distance service. Would you like me to read from a list of other available long distance companies or do you know which company you would like?" According to Sprint, this script is deficient because it permits the AOC sales representative to avoid listing interexchange carriers and to specifically steer customers to ACI. In addition, Sprint claims that the script does not inform customers that they may ask for the telephone numbers of other carriers. (Sprint Comm. at 29.)

28. Sprint's criticisms are based on an incorrect - and nonsensical - reading of section 272(g)(2) and the Non-Accounting Safeguards Order. Section 272(g)(2) prohibits BOCs from selling or marketing in-region interLATA services provided by a Section 272 affiliate until they have received in-region long-distance authority under Section 271. As the Commission noted, "[a]fter a BOC receives authorization under section 271, the restriction in section 272(g)(2) is no longer applicable, and the BOC will permitted to engage in the same type of marketing activities as other service providers." Non-Accounting Safeguards Order, ¶ 291. Notwithstanding the fact that BOCs are permitted to market and sell the interLATA services of their long distance affiliate, the Commission determined that "BOCs must continue to inform

new local exchange customers of their right to select the interLATA carrier of their choice and take the customer's order for the interLATA carrier the customer selects." In this regard, the Commission stated that:

the continuing obligation to advise new customers of other interLATA options is not incompatible with the BOCs' right to market and sell the services of their section 272 affiliates under section 272(g). Thus, a BOC may market its affiliate's interLATA services to inbound callers, provided that the BOC also informs such customers of their right to select the interLATA carrier of their choice. Id., ¶ 292.

29. The script that Ameritech Michigan representatives will use fully complies with these directives. The very first clause of the script informs customers of their right to select the interLATA carrier of their choice, and customers are then asked if they would like to be read a list of all such carriers. In the event the customer responds in the affirmative, the names of all carriers will be provided to customers in random order.

30. Sprint, however, argues that the AOC sales representative must read a list of all available interexchange carriers, whether or not the customer desires to hear such a list. That is an absurd reading of the Commission's order, especially considering that there are well over 100 interexchange carriers that purchase originating equal access service in Michigan.

31. Nor can Sprint's reading of the Non-Accounting Safeguards Order be reconciled with the Commission's previous "equal access" requirements. For example, despite the fact that the Commission's Computer II rules prohibited BOCs from jointly marketing customer premises equipment ("CPE") with network services, the Commission determined that:

an exception is warranted to permit BOC operations for regulated services to refer residential and business customers to the RBOC separat[e] organization for CPE, provided that the contact person informs customers that CPE can be obtained from other vendors as well as the separate organization. This exception is warranted because the BOCs will reenter CPE markets with a zero percent market

share in an increasingly competitive market. ... Thus, the customer contact person for network services may state in a neutral fashion that the company does not provide CPE any longer pursuant to an FCC order, but that CPE is provided both by other vendors and its separate operating arm. The contact person may then ask the customer if he or she wishes to be transferred to the separate organization's marketing personnel and complete the transfer of the call if the customer desires.<sup>1/</sup>

32. To suggest, as does Sprint, that it is not enough for AOC service representatives to inform customers of the availability of other long-distance carriers and make available to them a list of such carriers, is to say that AOCs are subject to tighter marketing restrictions with respect to interLATA services than they were with respect to CPE. Considering that AOCs have a statutory right to market and sell interLATA services, whereas they were generally prohibited from marketing and selling CPE, that would be an absurd result. Thus, both from a policy standpoint and a legal standpoint, Sprint's interpretation of the Non-Accounting Safeguards Order must be rejected. The requirement in ¶ 292 of the Non-Accounting Safeguards Order that BOCs "provide" each new customer with the names of all carriers offering interexchange services in its service area means that BOCs must inform customers of the availability of such a list and read from that list upon the customer's request.

33. Sprint also faults Ameritech's marketing script for not informing customers that Ameritech will provide them with the telephone number of any long-distance carrier. The Non-Accounting Safeguards Order (¶ 292) only requires that this information be provided "on request." Consistent with this requirement, if a new customer asks Ameritech for the telephone

---

<sup>1/</sup> Policy and Rules Concerning the Furnishing of Customer Premises Equipment, Enhanced Services and Cellular Communications Services by the Bell Operating Companies, North American Telephone Association Petition for Declaratory Ruling on the Requirement for Sale of Customer Premises Equipment by the Bell Operating Companies, CC Docket No. 83-115, ENF 83-5, 95 FCC2d. 1117, 1143 (1983).

number of a long-distance carrier in the customer's service area, Ameritech will provide that number.

34. This concludes my affidavit.



I hereby swear, under penalty of perjury, that the foregoing is true and correct, to the best of my knowledge and belief.

Paul V. LaSchiazza  
Paul V. LaSchiazza

Subscribed and sworn before me this 2<sup>nd</sup> of July, 1997.

Cathleen A. Marsh  
Notary Public

CATHLEEN A. MARSH  
NOTARY PUBLIC - EATON COUNTY, MI  
MY COMMISSION EXPIRES 05/28/2001

My Commission expires: Acting in Ingham County